



**Treasurer
State of California**



**Comptroller
State of New York**

For Immediate Release
September 2, 2003

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**CA TREASURER ANGELIDES, NYS COMPTROLLER HEVESI CALL ON UNOCAL
TO PULL OUT OF BURMA OR JUSTIFY RISKS OF STAYING TO SHAREHOLDERS**

MANHATTAN BEACH, CA – California State Treasurer Phil Angelides and New York State Comptroller Alan Hevesi called on Unocal Corp. today either to pull its operations out of Burma or fully justify to shareholders why Unocal should continue to operate in that country and assure shareholders that the company fully complies with fundamental human rights protections.

Angelides and Hevesi, the chief investment officers of the nation's two largest states, issued their call in a face-to-face meeting with Unocal's chief financial officer, Terry G. Dallas, at the company's headquarters in nearby El Segundo. Angelides and Hevesi, along with several representatives of organized labor and pension funds, then met with the news media in Manhattan Beach to report on the meeting.

Angelides, Hevesi and the others called for today's meeting with Unocal executives. At the meeting, Angelides and Hevesi demanded proof from the company that it has in fact begun to implement the International Labour Organization's (ILO) Fundamental Principles and Rights At Work. In the face of rising shareholder concerns, Unocal, earlier this year, agreed to include those principles and rights of work in its company code of conduct.

In addition, Angelides and Hevesi reiterated their concern that the company's investment in Burma, or Myanmar (as the military regime has renamed it), has exposed the company and its shareholders to significant potential liabilities from the lawsuits filed by Burmese villagers in federal and state courts in California. In the four lawsuits – two in state court and two in federal court – the Burmese plaintiffs have alleged that Unocal is liable for the human rights abuses of the Myanmar military undertaken in conjunction with Unocal's operations.

Two former Unocal executives also are defendants in one of the federal suits. The alleged abuses in the lawsuits include forced labor, torture, rape, extortion, and the loss of homes and property. Potential damages from the lawsuits might be in excess of \$1 billion.

“As shareholder representatives, we are concerned because Unocal’s stock has performed much worse than other similar companies,” Hevesi said. “Unocal’s Burma operations create unnecessary risk for the company from lawsuits, loss of investment if the unstable regime loses power and damage to the company’s reputation.”

“We made it very clear to Unocal,” Angelides added, “that we still are lacking a coherent explanation for shareholders and pensioners as to why Unocal continues to operate in Burma and, without such an explanation, we called on Unocal to seriously consider pulling out of that country.”

Hevesi is sole Trustee of the New York State Common Retirement Fund, which holds more than 1.4 million shares of Unocal common stock. Angelides sits on the boards of the nation’s largest and third-largest public pension funds, the California Public Employees’ Retirement System (CalPERS) and the California State Teachers’ Retirement System (CalSTRS), whose combined holdings include more than 1.9 million shares of Unocal stock. Joining Angelides at today’s news conference was Sean Harrigan, the president of the CalPERS board.

Hevesi and Angelides also expressed concern about the direct link between the economic, legal and human rights risks posed by Unocal’s Burma operations and its stock performance in the market. Year-to-date (Aug. 27), Unocal’s shares have declined 1.2%, compared with a 9.1% gain for its peer group of 12 oil-and-gas exploration and production companies, and a 13.3% gain for the S&P 500. Over the long term, Unocal’s shares declined 8.9% for the three years ending Dec. 31, 2002, and 21.2% for the five years ending that same date, compared with a 72.3 % increase for its peer group for the three-year period and a 16.2% increase for the five-year period.

Indeed, Fadel Gheit, a respected, 18-year veteran industry analyst with Oppenheimer & Co., Inc., says Unocal is the “second worst stock performer in the group” of oil-and-gas exploration and production companies, behind Kerr-McGee Corp. “Every time they try to get themselves out of a bad situation, they fall into another bad situation,” says Gheit, “and it is reflected on the scorecard. These are the worst students in the class.”

In Washington, D.C., the federal government’s concern over Burma has been bipartisan. In 1997, for example, the Clinton administration enacted sanctions against Burma’s military regime, prohibiting any new U.S. corporate investment in the country. More recently, President Bush on July 28 signed the Burma Freedom and Democracy Act of 2003, which bans the import of Burmese products and also requires the U.S. to vote against any proposed loans from the World Bank or International Monetary Fund to Burma’s military regime.

Unocal, one of the largest oil and natural gas exploration and production companies in the United States, is the only U.S. based company with significant direct investments in the Southeast Asian country of Burma, or Myanmar. While more than 50 U.S.-based corporations pulled out of Burma in the 1990’s – including Texaco, ARCO and Amoco – Unocal instead has invested \$300 million in Burma since 1993, according to a published report. Yet, even at full production capacity, according to one estimate, the Burma operations provided Unocal with less than 3% of its revenue in 2002.



STATE OF NEW YORK
ALAN G. HEVESI
COMPTROLLER

May 15, 2003

Mr. Charles R. Williamson
Chairman and Chief Executive Officer
Unocal Corporation
2141 Roscerans Avenue
El Segundo, California 90245

Dear Mr. Williamson:

As Trustee of the New York State Common Retirement Fund, holding over 1,400,000 shares of stock in Unocal Corporation, I am writing on behalf of the Fund and my fellow investors who have signed this letter. We recognize the important step taken by Unocal to include the International Labor Organization's (ILO) Fundamental Principles and Rights At Work within the company's code of conduct, but action will be the ultimate measure of your company's commitment to the expanded code. We urge you to immediately implement and enforce Unocal's new code of conduct, specifically with regard to its operations in Burma. As a trustee of a pension fund, I am concerned that productivity and profits will be negatively impacted if the company fails to protect the human rights of all of its workers.

I write to you at a time when Unocal has failed to deliver value to its investors. Over the last five years, the value of Unocal stock has dropped thirty-five percent. Moreover, Unocal has lagged behind its peers in the large U.S. E&P independent stocks year-to-date, last year and in the last three, five and ten-year periods. We fear that Unocal's involvement in Burma, in particular its business relationships with the Burmese military regime, has contributed to the stock's decline in value and could further depress the stock price due to the political and legal risks associated with the joint venture.

For years the ILO, the United States Government, the international trade movement and numerous nongovernmental organizations have provided detailed evidence of Burma's systematic violation of human rights. Although the United States prohibited new investments in Burma in 1997, Unocal's current operations are exempted from the sanctions because the company began doing business there prior to that year. In November 2000, the ILO approved an unprecedented resolution urging its member governments, employers and unions to "review their relations with Burma" and "ensure that such relations do not perpetuate the system of forced or compulsory labour in that country." Unocal's adoption of the ILO Fundamental Principles and Rights at Work requires you to conduct such a review of your joint venture in Burma.

It is our understanding that Unocal's investment in Burma has exposed the company to significant potential liabilities from four lawsuits filed by Burmese refugees in U.S. courts - two in

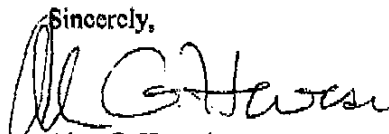
federal court and two in California state court. In light of the latest ruling by the U.S. Court of Appeals for the Ninth Circuit, management must take positive steps to protect all workers associated with the joint venture operations in Burma. *John Doe I v. Unocal Corp.*, 2002 U.S. App. LEXIS 19263 (9th Cir. Cal. Sept. 18, 2002).

We are aware that Unocal is the sole defendant in a claim for damages by Burmese villagers under the Alien Tort Claims Act in connection with the use of forced labor and other human rights violations on the Burma Yadana pipeline project. The U.S. Court of Appeals for the Ninth Circuit found sufficient evidence suggesting that Unocal both knew that forced labor was being used on its Burmese project and that the company benefited from that practice. In addition, victims of forced labor in Burma are bringing parallel actions in state court in California for assault, battery, false imprisonment and unjust enrichment. We understand that trial will begin in July this summer.

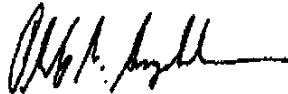
As shareholders, we are concerned that the resulting financial damages could be significant. In comparable litigation under the Alien Tort Claims Act, victims of forced labor have been awarded as much as \$100 million per person. In an award to victims of the Marcos dictatorship in the Philippines, plaintiffs won a jury award of approximately \$2 billion. *Hilao v. Estate of Marcos (In re Estate of Marcos, Human Rights Litig.)*, 25 F.3d 1467, 1469 (9th Cir. Haw. 1994). We are particularly concerned about this precedent given that there are fifteen plaintiffs in the suit against Unocal.

My colleagues and I, as institutional investors and shareholders collectively holding well over 4.5 million shares, would like a meeting with you at a mutually convenient time to discuss our concerns over business and financial risks tied to the treatment of workers in Burma. Please contact the Office of the New York State Comptroller to arrange the meeting. We look forward to your reply.

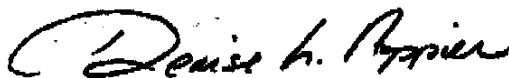
Sincerely,



Alan G. Hevesi



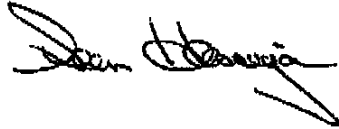
Phil Angelides, State Treasurer of California



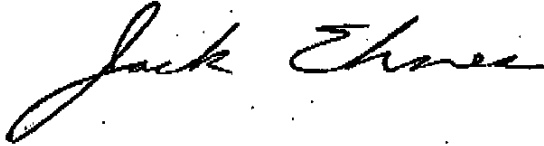
Denise Nappier, State Treasurer of Connecticut



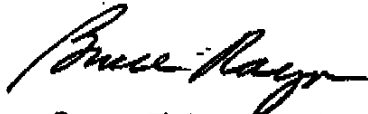
William Thompson, Jr., Comptroller of New York City



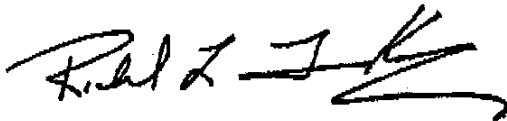
Sean Harrigan, President, California Public Employees Retirement System



Jack Ehnes, Chief Executive Officer, California State Teachers Retirement System



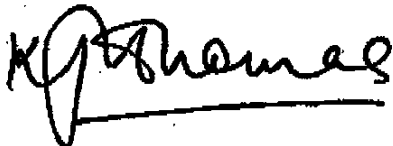
Bruce Raynor, Chairman, Amalgamated Bank



Richard L. Trumka, AFL-CIO Treasurer-Secretary



Peter Moon, Chief Investment Officer, Universities Superannuation Scheme, Ltd.



Kirsty Jenkinson Thomas, Senior Analyst, ISIS Asset Management

CHRONOLOGY OF INVESTOR AND PENSION FUND ACTIONS REGARDING UNOCAL CORP.

- May 2001: The Amalgamated Bank's LongView Fund sponsors a shareholder resolution at Unocal Corp.'s annual meeting, calling on the company to adopt the International Labour Organization's (ILO) Fundamental Principles and Rights at Work with regard to its Burma operations. The resolution wins 23.4% of the votes cast.
- May 2002: The LongView Fund re-submits a similar proposal at Unocal's annual meeting. This time, the resolution wins 32.8% of votes cast.
- May 2003: The LongView Fund submits the resolution again for this year's meeting, but withdraws it after Unocal agrees to revise and amend its code of conduct to include the ILO principles.
- May 15, 2003: NYS Comptroller Alan Hevesi, CA Treasurer Phil Angelides and others send letter to Unocal Chairman Charles R. Williamson expressing concern about Unocal's operations in Burma and requesting a face-to-face meeting.
- May 19, 2003: Unocal holds annual shareholders meeting in Brea, CA; an AFL-CIO representative, Dieter Waizenegger, hand-delivers the May 15 letter to Williamson at the meeting.
- June 6, 2003: Williamson responds to Hevesi, Angelides letter, agreeing to a meeting.
- Sept. 2, 2003: Meeting scheduled for 2-3:30 p.m. at Unocal's headquarters in El Segundo; Unocal will be represented by Chief Financial Officer Terry G. Dallas.

SUMMARY OF PENDING UNOCAL CORP. LITIGATION

Doe v. Unocal Corporation – U.S. District Court for the Central District of California

- In late 1996, two separate actions were filed in federal district court. Both actions were assigned to the same district court judge. In one action, four villagers, the Federation of Trade Unions of Burma, and the National Coalition Government of the Union of Burma (the Government in Exile) sued Unocal Corporation, Union Oil Company of California (“Union Oil”) and the Yadana Natural Gas Project (the “Project”). Upon Defendants’ motion, the district court held that the Government in Exile and the Trade Unions lacked standing to pursue their claims, but allowed the villagers’ claims to go forward. In the other action, fourteen other villagers sued Unocal Corp., Union Oil, Total S.A. (“Total”), Myanmar Oil and Gas Enterprise (“MOGE”), the Myanmar Government, then-Unocal President John Imle and then-Unocal CEO Roger Beach. There, upon Defendants’ motion, the district court dismissed the claims against Total, MOGE, and the Myanmar Government. (The remaining Defendants in both actions are collectively referred to as “Unocal”.)
- In each case, Plaintiffs claimed that Unocal’s conduct in connection with the Project caused them to suffer death of family members, forced labor, assault, rape and other torture, and the loss of their homes and property. Plaintiffs’ claims were based on various theories of federal and state law.
- Upon considering Unocal’s motions for summary judgment in both matters, the district court granted judgment for Unocal on the federal claims and dismissed the state law claims without prejudice. Plaintiffs appealed the dismissal of the federal claims to the Ninth Circuit Court of Appeals and filed two actions in state court based on the state law claims. The Ninth Circuit consolidated the district court cases for purposes of appeal.
- A three judge panel of the Ninth Circuit, reversed the district court and ruled that the case may proceed, and that there was enough evidence for a “reasonable fact-finder” to conclude that Unocal may be liable for “aiding and abetting” the military in forced labor, murder, and rape. In its ruling, the court stated that “[E]ven before Unocal invested in the Project, Unocal was made aware—by its own consultants and by its partners in the Project—of [the Myanmar Government’s long history of imposing forced labor on their citizens] and that the Myanmar Military might also employ forced labor and commit other human rights violations in connection with the Project. And after Unocal invested in the Project, Unocal was made aware—by its own consultants and employees, its partners in the Project, and human rights organizations—of allegations that the Myanmar Military was actually committing such violations in connection with the Project.”

- Unocal has petitioned the Ninth Circuit for a rehearing by an 11-judge panel of the court. The case was argued and submitted to the 11-judge panel on June 17, 2003. A decision is pending.

Doe v. Unocal Corp. – Los Angeles Superior Court

- In late 2000, the remaining villager Plaintiffs from the two federal court actions filed two state court actions based on the state law claims that had been dismissed without prejudice by the federal district court. The Defendants were Unocal, Union Oil Company of California and its former President, John Imle, and its former CEO, Roger Beach (collectively “Unocal”). Although not officially consolidated, all proceedings in the two cases are being heard concurrently in front of one judge.
- As in the federal court actions, Plaintiffs alleged that Unocal is liable for the systematic human rights abuses committed by Unocal’s joint venture participant, the Myanmar Military, including forced labor, torture, rape, and extortion.
- In June 2002, after a series of motions by Plaintiffs and Unocal, the trial court granted summary judgment in favor of Unocal on Plaintiffs’ intentional tort and negligence claims, and dismissed the claims against Defendants Imle and Beach. The court, however, allowed Plaintiffs’ to proceed on their claims of unfair business practices and of unjust enrichment. In another ruling, the trial court denied Unocal’s motion for summary judgment and allowed Plaintiffs to proceed to trial on their claim of vicarious liability. The 2nd District Court of Appeal denied Unocal’s appeal of the trial court’s ruling on vicarious liability.
- In August 2003, the trial court ruled on Unocal’s motions to apply Myanmar law or, in the alternative, Bermuda law—where its two subsidiaries involved in the Project are incorporated—to the two cases. The court rejected Unocal’s arguments and held that California law will apply.
- Trial is currently scheduled to begin on Dec. 3, 2003.